



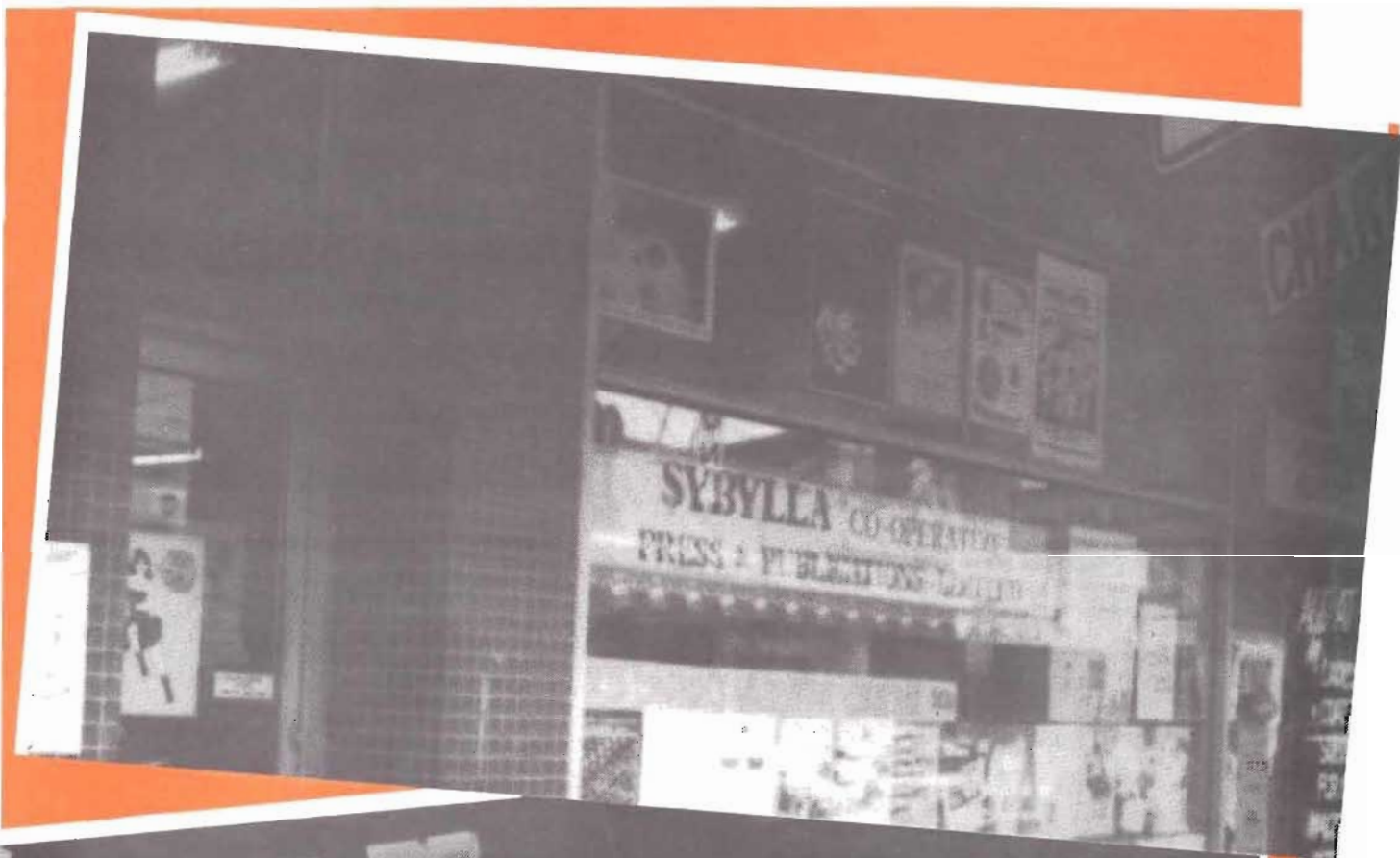
he



o-operator

VICTORIA'S JOURNAL OF CO-OPERATIVE AFFAIRS

P.O. BOX 21 CARLTON SOUTH 3053 VICTORIA. TEL (03) 419 9877



Registered by Australia Post, Publication No. VBG 6674

The Ministerial Advisory Committee on Co-operation

MINISTERIAL ADVISORY COMMITTEE ON CO-OPERATION

The Ministerial Advisory Committee on Co-operation is reviewing the Co-operation Act and mechanisms for the development of co-operation in Victoria.

MACC has already issued an information paper:
'The Development of the Co-operative Movement in Victoria'.
Copies of the paper are available from the Legal and Registry Division
Ministry of Housing – telephone (03) 669 1718

Staff of the Legal and Registry Division, Ministry of Housing
are available to meet with individuals and groups on request.

For further information contact: Ms Maureen Hopper, Secretary,
Ministerial Advisory Committee in Co-operation, c/- Ministry of Housing,
21st Floor, 250 Elizabeth Street, Melbourne, 3000
Telephone (03) 669 1718 or 669 1765

Contents

Sharing with Italian Co-ops	Page 4
Red Tape in Quebec	Page 6
Co-op of the Month	Page 9
A New Way of Living	Page 13
Consumers First	Page 16
More on Food Co-ops	Page 18

N05 DECEMBER 1994

he Co-operator

VICTORIA'S JOURNAL OF CO-OPERATIVE AFFAIRS

The Co-operator is published every month by Gay Publications Co-operative Limited, 87 King William Street, Fitzroy 3065, Victoria. *The Co-operator* welcomes contributions from all sections of the co-operative movement throughout Victoria. Articles should be typed, preferably double-spaced, and should reach *The Co-operator* no later than the last Friday of the month prior to publication. Receipt of articles will be taken by the Editor as constituting permission to publish unless the contrary is specifically indicated. Typescripts will not be returned unless accompanied by a stamped self-addressed envelope. All articles submitted for publication must carry the name and address of the author. Signed articles do not necessarily represent the views of Gay Publications Co-operative. The Editor reserves the right to edit all articles prior to publication.

Editor: Adam Carr

Assistant Editor: Danny Vadasz

Design and Layout: Adam Carr

Typesetting: Correct Line Graphics Co-op Ltd

Printing: Sybylla Co-operative Press Ltd

Office Address: 87 King William St, Fitzroy 3065, Victoria.

Telephone: (03) 419 9877. (two lines).

Postal Address: PO Box 21, Carlton South 3053, Victoria.

The Co-operator will be accepting paid display advertising in future issues. Advertisers should contact Ken Allison on (03) 419 9877.

ISSN 0814-1037

News

Sharing Experience Of Italian Co-ops

During the recent Conference sponsored by the Victorian Government between the Victorian Government, Italian Regional Governments and the Italian Community, the delegates from the Emilia Romagna region requested a meeting with representatives of MEAT and the Hon. Jim Simmonds. The meeting was organised to discuss how the Italian Co-operative Movement could share its



experience with the emerging worker co-op movement in Victoria.

A general agreement arose in the meeting that the Italian experience could be of vast interest to co-ops in Victoria. Informally, members of the Brunswick Italo-Australian Employment Co-op approached the Regional representatives on the possibility of initiating the exchange by having members of our co-op carry out a study in Emilia Romagna. The vice-president of the Region, Mr Stefanini (equivalent to deputy premier of Victoria), greeted the suggestion with great enthusiasm.

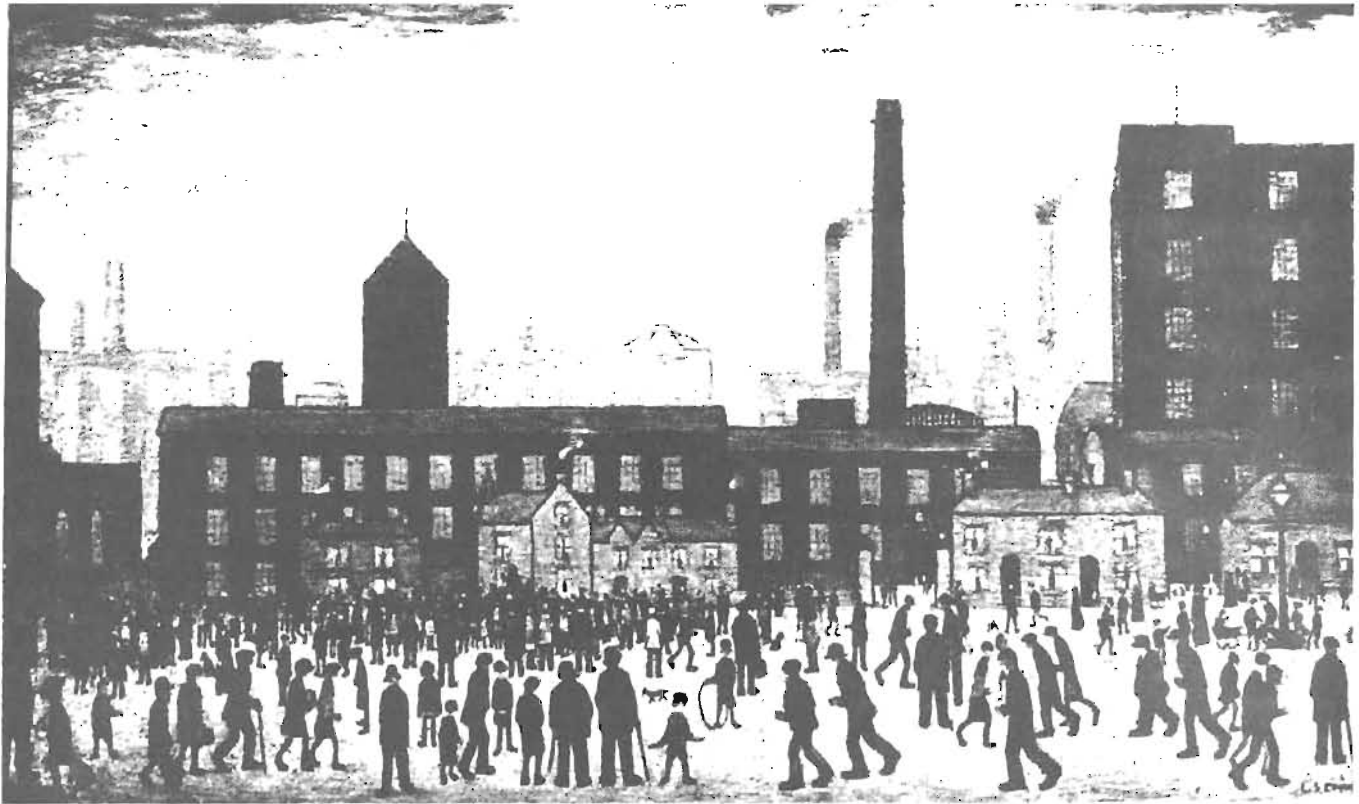
The Regional Government is strongly committed to worker co-ops and maintains close links with the co-op movement. Mr Stefanini assured us that we would be given every assistance possible to make the study a success. He was particularly pleased that the interest in the Italian co-op movement was coming from members of the co-op movement in Victoria.

Two members of the co-op propose to research the history and development of worker co-ops in Italy. They are interested in the current debates in Italy, in as far as they are relevant to the debate in Australia. They propose to write and translate material on this topic and request expense money to make this work possible.

The study would also establish firm links and the potential of long-term liaison between M.E.A.T. and the Italian Co-operative Movement. It will also seek to establish links between the Victorian Government and the Italian Regions which are the leaders in the establishment of co-operatives.

The history of worker co-ops in Italy is far longer than that of Australia and many other countries, originating amongst agricultural workers in Emilia Romagna during the turn of the century. The development of co-ops in Italy has had a long and difficult history but currently is being helped by concessions and privileges in taxation, laws from the State and assistance from the National Bank. Most worker co-ops have developed under and as part of the Lega Nazionale delle Co-operative e Mutue, or simply La Lega. La Lega is linked to the trade union movement and the Socialist and Communist Parties in Italy. Italy now has the largest number of worker co-operatives in Western Europe, over 3,000 active enterprises with over 150,000 employees, engaged in building, civil engineering, manufacturing, service, cultural and other sectors of the economy. These co-operatives are centred in Central Italy, primarily in Emilia Romagna, Umbria and Toscana, the areas that we propose to study.

The Italian worker co-op movement is poorly known in Australia yet may be more relevant to the character of Victorian co-ops than the experience in Britain, Canada, Spain or France. Although the situation in Australia and Italy is very different, there are points of connection. These include the interest the Co-operative Development Programme has in developing trade unions and co-op relations, varying the types of



worker co-ops, industrial democracy, job creation and job saving as well as the potential of conversion co-ops.

The study will look at the size, the growth and the importance of co-operatives both in the local but also in the regional and national economy.

There is a critical need for information about the economic experience in Central Italy, particularly the important role of worker co-ops in the economy of those regions. There is little counterpoint to the more widely known examples of Britain, Spain, Canada and France. In recent years there has also been close contact between the London GLC New Enterprise Board and the Italian co-op movement; this contact would seem to have benefited job creation strategies of the GLC.

The Brunswick co-op proposes a project in two stages. The general plan is to study worker co-ops and their infrastructural support institutions in order to write pamphlets on the Italian scene, and on critical issues of debate in Australia, and to translate brief material of general interest in Australia. The researchers, with the promised support of the Emilia Romagna Government, would contact co-ops of La Lega, and the co-ops educational institution (*Istituto Nazionale per L'Educazione Co-operativa*).

The researchers will make use of material from La Lega's publishing house and plan to produce a pamphlet series to add to the debates in Victoria.

STAGE 1

1. Initial buying of books, videos and films and gathering of material.
2. Visits to co-ops and educational institutions.
3. Contact with La Lega.
4. Report on the Italian scene and that of the educational facilities available to the co-op

movement.

5. Translation of relevant material.

STAGE 2.

1. Further visits.
2. Research on specific critical issues, e.g. equity; health and safety; industrial democracy; surplus distribution; trade union relations; internal structures.
3. Production of material for pamphlets on the Italian Co-operative Movement.

We intend to complete Stage 1 in May 1985 and Stage 2 in June 1985. Stage 1 and Stage 2 will both last about two months each. The two researchers will be Oenone Serle and Carlo Carli. Both are foundation members of the B.I.A.E.C., honours graduates in Arts and both have experience in research projects.

The funding sought is for expenses incurred in the project, expenses that go beyond simply living expenses. The two researchers plan to cover other expenses during the period of research. Without this funding it would be difficult for the project to happen, as both researchers have only saved enough money for their trips to Europe and their basic living expenses. They are prepared however to give up their time in what they consider is a very valuable project which would explore perhaps the most viable and important worker co-operative movement in Europe.

The budget assumes some assistance from La Lega in providing work space for the workers. The B.I.A.E.C. intends to publish the pamphlet series in co-operation with the *Co-operator*. A separate submission will be prepared when we know the size and number of pamphlets.

Red Tape and Co-ops in Quebec

Self-perpetuation is probably the strongest instinct of Western governments. Both the voters and the business community must be appeased, and no one can be allowed to rock the boat.

Inevitably, this balancing act embarrasses liberal reformers elected and supported by the working class. While these progressives claim their hands are tied because of limited finances, in reality they won't or can't confront big business with legislation that might increase government revenues at business's expense.

The federal and provincial governments of Canada are no less typical of these political acrobatics. To stay in favor with the people, Liberal politicians in Quebec and Ottawa supported a progressive form of work organisation in the early 1970's: the worker production cooperative (WPC). Although at first glance a genuine alternative to private enterprise, the WPCs were so crippled by government controls that except in a few rare cases their potentially progressive nature never really emerged.

Most Quebec WPCs received money from both the federal and provincial governments. The aid helped improve the governments' image and popularity, and created or maintained jobs in depressed areas where private enterprise could not operate profitably.

These funding schemes, however, were actually disguised measures of control. The more radical WPCs received no funding. Docile cooperatives were offered financial aid from the federal government's Local Initiatives Projects (a funding program to combat unemployment); these grants were neither generous nor disinterested. They were designed to keep WPCs financially dependent upon government — to make them an extension of the State's social welfare program. In return, the WPCs were expected to retrain and rehabilitate workers for the general labor market, a purpose that served the interests of the business community and enhanced its profits. Those WPCs dependent on government aid were so transformed by that aid that they were hardly recognisable as cooperatives at all. They became servants rather than opponents of the private enterprise system.

How a WPC Should Work

Worker production cooperatives are collectively owned enterprises controlled and operated by their workers. Each worker-member participates in the daily operation of the co-op and accepts his or her share of the production responsibilities. Each member has an equal vote in all co-op decisions.

No outside stockholders may participate in those decisions. Management is either collective or elected by the workers, and directly responsible to and subject to recall by them. Ideally, pay rates are equal and are determined by the number of hours worked by each member. Profits may be divided equally among members or spent in ways decided upon by them. A major goal of the co-op is, of course, to provide support for worker-members but other aims include the use of profits to produce a better quality product for the client, to encourage the creation of other WPCs, and to provide better working conditions for worker-members.

WPCs are alternatives to typical businesses. They abolish salaried work for the profit of investors. Unlike consumer co-ops, farming co-ops, and cooperative marketing organisations, which exist side by side with private enterprises, WPCs strive for complete independence from them. Because WPCs are economic black sheep, it is understandable that in Quebec they were kept well in check by a constant dipping in of the government hand.

Grants With Strings Attached

In the early 1970's, new, enthusiastic WPCs with no other sources of funding were voluntarily turning to the government for aid. They especially needed start-up capital for materials, tools, and equipment. Commercial credit was tight for WPCs started by the poor, the chronically unemployed, and those on unemployment insurance or welfare. In our study of 25 such Quebec co-ops, only three had been granted loans by chartered banks, and only six had received loans from a Caisse Populaire or Caisse d'Economie, cooperative banking institutions theoretically sympathetic to WPCs. Almost all of the co-ops sold shares or received grants from public or private agencies in order to begin operation. However, shares in co-ops did not sell well, since members of the co-ops could seldom assure repayment, much less pay dividends.

Few of those Quebec WPCs who received funds from the Local Initiatives Project (LIP) realised the consequences of the grants when they accepted them. At first, the grants seemed like a blessing, and with them some co-ops grew to several times their initial size. However, LIP grants stipulated that co-op personnel be hired through the Canada Manpower Office, the federal agency that finds jobs for the unemployed. Many new members hired through Manpower were quite naturally interested only in the salary they would draw. Disc-

ipline was difficult to maintain. People were late for work. Workers didn't care whether production deadlines were met. Materials were wasted and tools and supplies disappeared from the workshop. New workers had no real roots in the group. All this made any worker political and social cohesion unlikely. Further, only 17 percent of a grant could be used for capital goods. In many cases this meant there was no money for production materials.

The LIP grants lasted only six months, making

ward handcrafted production, since no funds were provided for machinery. These labor-intensive handicraft lines were too costly to be competitive without government assistance. Because the grants allowed the WPCs to sell their goods only for the cost of materials (since the cost of labor was paid by the grant), the subsidised WPCs could never really compete with mass-produced machine production. And when a WPC did show a profit, the government delivered its *coup de grace*: all profits



long-range planning vital for a successful business—impossible. This alone led many WPCs to view themselves not as permanent workplaces but as government-subsidised welfare projects, an ironic twist since the explicitly stated purpose of the LIP grants was to reduce the official unemployment figures, and to keep the unemployed occupied and off welfare. The grants also made for a lot of administrative work and frustrating contacts with the government bureaucracy. There were frequent unannounced checks and audits. The close monitoring and the frequent grant renewal demands made government control of WPCs easy to assure.

Other features of this grant program actually guaranteed the economic failure of certain WPCs. Because the LIP grant agency never encouraged or even allowed the WPCs to plan for economic self-sufficiency, the enterprises developed under the LIP program were often economically unviable. For example, LIP grants oriented some WPCs to-

were required by law to be returned to the government. They could not be reinvested or used by the co-op for social or political ends. In this way, the handicraft WPCs were guaranteed to end when the LIP grant did, and the autonomy was impossible.

In addition to federal grants, the WPCs were eligible for a number of grants from Quebec's Liberal government. Like the federal grant programs, these were part of a plan to create jobs and favored the groups most likely to return people to the job market. Unlike the federal program, these grants provided financing for equipment as well as technical and professional assistance. They also paid for the services of full-time organisers. Profits could be kept by the co-ops and reinvested.

Although less manipulative, the Quebec government grants, like the federal grants, were not designed to help develop the progressive goals of a true WPC. They were established instead with the

Continued on next page

Continued from previous page

needs and desires of the business community in mind, and they, too, singled out for aid those co-ops most acceptable to big business. One example is the case of the logging co-ops.

The large pulp and paper companies discovered that groups of loggers organised into co-ops provided better, more highly motivated and cheaper labor than the company could find in a conventional workforce. The co-ops required financial guarantees for each logger-member, thus assuring the pulp and paper companies that the loggers would stay for the whole season. With logging taken care of, the companies were able to concentrate on the more profitable aspects of their operations. In order to protect their profits, the companies pressured the government to restrict the logging co-ops from diversifying into the profitable production and transformation enterprises, reserving these areas for themselves.

When the co-ops did try to move in, the private companies and the government blocked them.

Can a True WPC Make It?

Today, the Parti Quebecois government in Quebec appears to be in favor of the development of a WPC sector in the provincial economy. There is, however, little evidence to suggest that P.Q. support for co-ops represents a great improvement over that offered by the previous Quebec Liberal government. Even if the P.Q.'s aid program was well-intentioned, it would be tolerated only so long as it did not directly infringe on business interests.

Faced with the situation described here, the WPCs might seem to be of little use in the struggle for social change. But the WPC is still essentially a progressive organisational form. It is true that it has been misused and diverted by government programs designed to undermine its goals. However, those goals and the organisational form for achieving them are still visible. What must be done?

First, authentic worker production cooperatives must strive for autonomy *vis-a-vis* the state and private enterprises. All funding offered by governments must be thoroughly examined for attached strings that might strangle the co-op later.

Second, WPCs must be a part of larger political movements whose goals are clearly progressive. Links with these movements assures unity of effort and contributes to general overall solidarity. Co-operatives need not be officially affiliated with a political party to play a progressive role. But it is essential that they give financial and public support to a progressive movement.

Third, the co-ops must be controlled by the workers. This control must never be given up or subverted by the promise of funds or "legitimacy" in the business world.

Fourth, those involved in the co-op must attain a high level of political consciousness.

Fifth, and perhaps most important, those involved in co-ops must appreciate the great difficulty of starting and operating a co-op, especially a WPC, in a capitalist economy. They must see the priority of social change as well as that of the economic goals of the co-ops, and must be careful not to be co-opted by the government, or to evolve toward a capitalist form of economics.

In order to bring about a society where self-management will be encouraged rather than opposed by the state, political and economic power must be won. To this end, the development of authentic WPCs built by the people with the help of the co-op movement, the trade union movement, and working class political groups is important. WPCs should not be off-handedly rejected because of negative experiences or attempted manipulation by the State. Worker-owned and -managed WPCs will grow when workers decide to count upon their own strength. No one knows their best interests better than they do.

by Pauline and Jean-Guy Vaillancourt

Letters

I am writing to express a point of view after having received and read the first issue of "The Co-Operator".

I was generally disappointed in the paper and its contents.

It is clear from your Editorial that the paper is mostly directed towards the "new breed of Co-Operatives" which I agree desperately need help and guidance. I believe this help and guidance is available, but firstly it is essential that new Co-Ops be receptive and aware of their need.

I see the "Co-Operator" as a

good medium, to assist in the education and development of a strong Co-Op Philosophy for the new co-operatives, and, it is clear from many past experiences both here and overseas that any co-operative founded is unlikely to succeed, unless its founders have a *deep* philosophical commitment to the Principles of the Co-Operative Movement.

Worker Co-ops, or any other type for that matter, *formed for their own sake* are bound to fail after the initial enthusiasm of their founders recedes.

"The Co-Operator" must never be a vehicle for political opportunism that may be construed by some as favoring a

particular political party. Note Co-Op Principle No. 1.

It could be a medium of educating new generation co-operators by relating the great successes and achievements of the past and at the same time the failures and the reasons for failures. So often Co-Ops fail because they have ceased to practice the Principles of Co-Operation. I don't agree that we need new or additional rules. I consider a more serious and honest attempt to apply what we have got is what is needed now for new and old Co-Ops alike.

Yours faithfully,
J. D. Lawless

Co-op of the Month

Sybylla Co-operative Press

This month's Co-operative of the Month is Sybylla Co-operative Press and Publications. Sybylla began operations as a women's movement printery in 1976, but since then have broadened their operations, expanding into general commercial printing and also into book publishing, while retaining their original commitment to providing access to cheap, quality printing for the women's movement and other political groups. *The Co-operator* spoke to Sybylla's Di Otto and Sue George

Perhaps we could begin by talking about the Co-

op's background. What were its original objectives when it was started?

Sybylla was started in 1976 by a group of women from the women's movement, and one thing that prompted it was the "coup" at the end of 1975, when the Whitlam government was ousted, and feminists were starting to feel that there was going to be increased difficulty and reaction to political activity. It was felt that it was important that the women's movement have access to and control over its own printing.



Continued from previous page

Another reason was that the printing industry is incredibly male dominated, and political women had found that they had a hard time with other printers getting things printed, particularly lesbian material, but also other things. It was not unusual to get copy back with comments written all over it, and things changed. Sybylla aimed both to enable women to learn the skills involved with printing, and to provide a feminist printing service.

The third reason was that we thought it was really important that feminist information and material is widely available to women, and felt that by setting up our own printing press we would produce more feminist and non-sexist publications.

It was set up by a group of about ten women. Someone donated the money for a press, and everyone worked voluntarily for the first four years, and taught each other printing skills. No-one had done any training. A couple of people went and worked in a factory to learn skills, and then taught them to the others.

And did you start out as a co-operative?

Yes, we've always been a co-operative, and within the co-operative structure we work as a collective.

Why did you decide to become a co-operative, rather than some other structure?

Because we thought that it was the most appropriate legal structure for the way that we wanted to organise ourselves. Essentially what we meant by that was equality of members, and that one vote one person was the principle, and that no-one was individually to make a profit from the work of the co-operative. But within that we also have other principles, like consensus decision-making, which includes in practice not just directors but the rest of the members participating in crucial decisions.

How did you become involved with the Co-operative Development Program?

As time went by, we became more and more aware of working conditions, and moved gradually out of that "we're politically committed so other things don't matter" way of thinking, and moved (partly because of our politics) to thinking that working conditions, including wages, were really important. As I said, people worked voluntarily for the first four years. In these years teaching each other printing and allied skills had been the main focus of our operation. Initially much involvement was at weekends or at night. As skills were gradually acquired by a core of the membership, more work was accepted and a potentially viable business gradually developed. By 1979-80, printing work was coming from a broader range of political and community groups, as well as women's groups. Sybylla looked as though it might become a viable business if it received fairly substantial capital input from somewhere. And what emerged was CDP.

There were varying views within the collective about whether that was a good thing or not. Some people worried about lack of autonomy, which is always a worry with government funding. To some extent that did change, because more people from outside our group did need access to our files and our finances. There were regulations and conditions of the funding that we had to fulfill. In general those conditions have been things that we've supported, but at same time it's a different thing doing things because you're required to by the government as opposed to doing things because you've decided you want to.

Have you found you've had to compromise your original principles to meet the requirements of the Program?

I wouldn't say to meet the requirements of the Program, exactly.

To meet the requirements of the market?

Yes. That's a problem we would have had to face eventually, the question of to what extent being a small business contradicts our feminist politics. At



various times we would maybe highlight some contradictions more than others, and see it differently, but essentially we want to keep on being able to provide a low-cost, good and efficient printing service for political groups, not just women's groups, but political and community organisations. At the same time we pay ourselves award wages and have good working conditions. Those two are in contradiction at some levels, and so we attempt to keep our prices as low as we can while maintaining working conditions.

The printing industry is a notoriously bad one in terms of occupational health and safety. How have you dealt with that problem here?

I think I could say that we've been grateful for funds from the Ministry for the health and safety aspect. What we've actually done here is . . . lots of things. We now have a platemaker where the chemicals are

Again, we've found it useful to have had education and training money allocated to us. How we've gone about setting up the training is to find our own resource people to do workshops for us around what we've needed. We've often found that there haven't been existing courses or consultants that suit our requirements. It's been good to be able to design for ourselves a training program and process that suits our specific needs - as a business, as a co-operative, and as a feminist collective.

One exception has been with a costing analysis that we're doing at the moment. We've employed one of our members to do some work on that, but we are also using someone who Preston TAFE have recommended to us. And we've found generally that our efficiency as a business and our standard of work have improved as a result of having access to the training opportunities.



enclosed, so that when people make plates they're not exposed. Those were the most toxic chemicals that we were using. We wouldn't have been able to afford that platemaker without a loan from the CDP. Since CDP funding we've bought a vacuum extraction unit, and airconditioning as well, in the printing area.

We've also commissioned several studies over time, and done things like change the products that we're using to less toxic products, and use protective hearing devices. We still would like to have a noise baffling system, because the noise situation is not good. And we'd like to get a proper industrial sink, where we can wash the rollers, and to further improve fumes extraction over that area. We also are planning some renovations. With a different layout health conditions will improve because things will be more accessible and less dangerous to walk around.

We've done quite a detailed study of the space that we work in, and we know that we need quite a lot of money to make this space better in terms of health and working conditions. Some of that we will put in ourselves, but some of it we are hoping to get from the department.

How much use have you been able to make of the education and training facilities of the Ministry.

And what are your current projects, and your plans for the future? You have expanded into publishing recently?

We've always had an aim of publishing, but for a number of years we thought that if we could get the printing aspect self-sufficient that would then support a publishing program.

Over the years we've done some small-scale publishing, things like cards and stickers and badges and posters, and in the last two years we've produced two archival women's liberation calendars. In 1982 we produced a book called *Frictions*, which was an anthology of Australian women's writing. That sold really well and is well regarded in the publishing world, because it broke a lot of new ground with women's writing in Australia. It's given a lot of women exposure that they needed and a lot of women that contributed to that book have been published by other publishers since then. The success of that book encouraged Penguin to do their own anthology of Australian women's writing a year later. More recently, our analysis of the market has indicated that the publishing aspect itself might become viable fairly quickly, and so we've decided to put a lot of energy into that

Continued on next page



We've just employed a publishing person who'll be working full time with us, and again that's been made possible because of assistance from the CDP. We're going to launch a novel in March, by a Sydney woman called Jan McKemmish, called *A Gap in the Records*, which is a spy fiction novel. We've got another novel at the editing stage, by Carmel Bird, with a working title of *Cherry Ripe*.

We also are planning a feminist critique of reproductive technology, and we have about eight contributors for that at the moment. Also, we're looking at getting into the schools market. There're lots and lots of gaps in the education system where non-sexist material is needed, and not just fiction but non-fiction as well. We have several things in mind but are still in the process of researching their viability. Over the next few months we'll be developing more publishing projects.

How many people are you employing at the moment, and how has that expanded over time?

At the moment we're employing seven people; two of them full-time and the others part-time. It amounts to five full-time salaries. We started with 3.6 full-time

salaries when we first got CDP funding. So we are in fact creating more employment.

How has Sybylla developed as a business over the past few years since it's been part of the Program?

Over the years business has continued to increase, and a larger number of people have known about us. As you might have gathered, the people who used us initially were primarily feminist groups or women's groups. But now women's groups only make up 20% of our printing work, because the amount of work from other groups has risen.

Broadly speaking, most of the others are political or community groups, or both. But we do have about 20% of what you'd call commercial or private enterprise customers, some of them off the street customers. Essentially we don't want the proportion of commercial work to go up, because our commitment is to be here for political, community and women's groups. We also try and give work to other co-operatives, and we get work from other co-operatives. We do feel that we are part of a co-operative movement, and we'd much rather give work to other co-ops than to some commercial business.

A New Way of Living:

Rental Housing Co-ops in Victoria

David Scott, in his book *Don't mourn for me — organise . . .*, praises voluntary welfare organisations because they "are significant in drawing people into a contact with social issues in ways that increase understanding of the structural causes of poverty and disadvantage, and widen the political base for reform."¹

As well as providing a basis for politicisation, the voluntary sector also provides an opportunity for skill sharing, self-management and control by participants. This control of social welfare by the users increases the possibility of a real, needs-related social welfare system. This is especially true of housing co-operatives. Here, I will look at rental housing co-operatives in Victoria as an example of attempts by low income earners to take some control of, and improve the public rental housing sector.

A brief outline of housing history in Australia

Public housing in Australia began in Queensland in 1909, where an Act introduced subsidised housing for workers. During the 1930's and 40's, a strong housing reform movement resulted in the establishment of housing authorities in all Australian states, with the aim of improving housing conditions for the poor. In 1943 the Commonwealth Housing Commission was established and in 1945 the first Commonwealth State Housing Agreement was drawn up, increasing funds to state housing authorities in all Australian states, with the aim of improving housing conditions for the poor. In 1943 the Commonwealth Housing Commission was established and in 1945 the first Commonwealth State Housing Agreement was drawn up, increasing funds to state housing authorities through low interest loans.

After the end of World War 1, and for fifteen years, Australia experienced a grave housing shortage, with little new construction and neglect of maintenance. There was a crisis of overcrowding especially in the poor inner city areas, and many people were in temporary accommodation. Many houses were shared by two or more households.

During the 1950's and 60's a spate of sustained construction boosted housing standards to the highest ever levels. However, since the mid-1960's, progress in public housing has slowed and has fallen in standard. Government housing authorities are playing a decreasing role in construction and owner-occupation has also slightly decreased.

Between the mid-1960's and mid-1970's housing costs rose more rapidly relative to incomes, and by

the mid-1970's the house-building industry was depressed.

Increasing numbers of families and individuals have established house-holds over the last decade, and high interest rates have made it difficult for low-income families to purchase their first home.

Home ownership — cheap housing?

Jim Kemeny has noted the correlation between low government involvement in social services and high home ownership. He says: "The important point to note about the relationship between home-ownership and social welfare is the way in which home-ownership encourages households to attempt to manipulate their lifetime budgets to accommodate their skewed housing costs. The strategy is to minimise non-housing expenses during the years when the cost of home-ownership are high (often crippling high)."²

Another reason for the home-ownership drive is the lack of comparable alternatives. High private rental costs and low availability of quality public rental housing contribute to the preference for home-ownership.

Public housing in Australia has always been seen as welfare housing, intended for the poor. Therefore, it has never been of a high quality and has not been designed as a real alternative to home-ownership.

Public housing in Australia has always been seen as welfare housing, intended for the poor. Therefore, it has never been of a high quality and has not been designed as a real alternative to home-ownership. Further-more, tenants of public housing have, at various times, been encouraged to purchase their properties when their income levels rise.³

As well, the existence of public housing is a contradiction within capitalism. By housing the poor, the survival of the private rental market is insured and a potential source of social unrest is diffused. Public rental housing is one of the most obvious forms of state intervention in welfare.

Housing generally is one of the main methods by which our lives are privatised — the housing market, including public housing, is geared to producing self-contained, single family units.⁴

Rental housing co-operatives in Victoria

Rental housing co-operatives (RHCs) challenge many of the accepted norms of public housing in

Continued on next page

Australia. Tenants have a high degree of participation in all aspects of their housing from selection of homes, to selection of occupants. They also have control of the overall management and administration of the co-ops. In this respect, although RHCs are still public (welfare) housing, the quality of life, housing and community support for tenants in vastly improved, leading to a process of de-privatisation of housing and housing need.

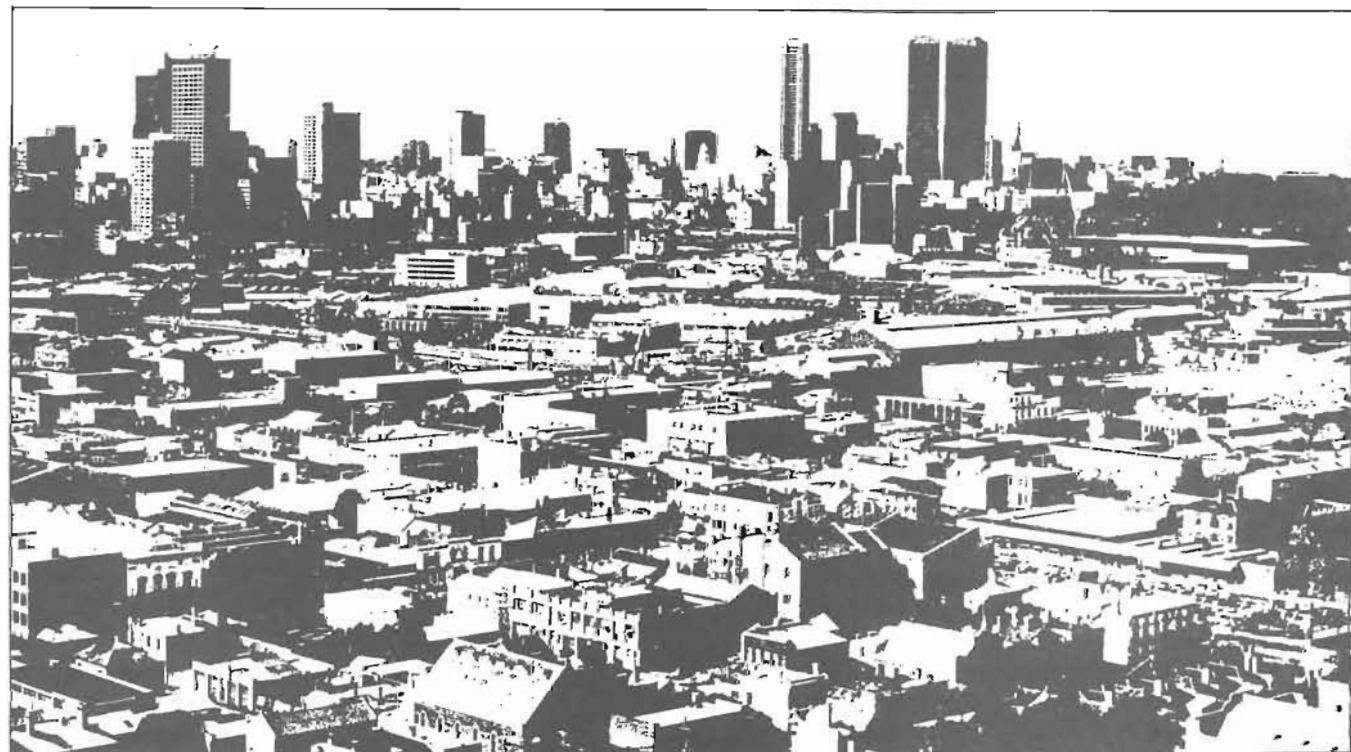
In Victoria, co-operative houses or flats are obtained through spot purchase by the Ministry of Housing (MoH), and are chosen by co-operative members. The MoH then owns the property which is leased to the RHC. In the case of Fitzroy/Collingwood Rental Housing Association, MoH leases are for twelve years (three years, renewable for further three year periods and other RHCs are expecting similar leases. Co-operatives then lease the property to tenants. The idea is that tenants have security of tenure although their leases may be for only six or twelve months. The RHCs are responsible for repairs and maintenance of the properties, although the MoH carries out initial renovations.

response to the housing crises in those areas. In 1984 the MoH will fund three to five further RHGs in Victoria. I wish to look here at three areas where co-ops currently exist and outline some of the needs that have created a desire for a RHC.

St Kilda

In St Kilda in 1983 on 282 housing units were offered by the Housing Commission of Victoria (HCV), all of which were for sponsored, elderly residents. Families and single people have to leave St Kilda if they wish to be publicly housed. There has also been a loss of rental stock in the St Kilda municipality, mainly due to strata titling and the sale of rooming houses for conversion. In 1971 there were 28,552 occupied dwellings. This figure dropped to 23,995 in 1981 (ABS 1981). The transfer of residential dwellings to commercial use has also contributed to the drop.

In their submission to the MoH, St Kilda RHC said: "The loss of housing stock in the area over the last ten years has been continuous and needs to be arrested if low income groups are to find housing. A co-operative would enable some of this stock to be publicly owned, while being used co-operatively".⁵



The RHC charges the tenant rent based on the MoH rent rebate system which is means tested. Tenants pay 20% of their gross income up to \$178 per week and then 25% of the remainder. One of the current arguments between the MoH and the RHGs is that co-ops have been charging rent based on net rather than gross income as required by the MoH.

Three brief profiles of RHC areas

Fifteen RHGs have been set up and funded in many areas of Melbourne, as well as Geelong and Mornington, and have been created as a

Oakleigh

The 1981 Census showed that of 17,502 households in Oakleigh, only twenty-five were in public rental accommodation; 4,136 were private tenancies and the rest of the population either owned or were purchasing homes, or were in institutional care. In their submission to the MoH, Oakleigh RHC said: "Of the hundreds of people seeking assistance with food vouchers at Oakleigh City Council at least 95% are tenants in the private market without money for food after paying their rent."⁶

Oakleigh CES report a 250% increase in registered unemployed and an 18.3% unemployment rate (5,000 people in March 1983). With the termination of the Rent Subsidy Scheme in August 1983, low income people's hopes of gaining access to reasonable accommodation were lowered. Furthermore, there are more of them daily.

Oakleigh RHC say: "A Rental Housing Co-operative in Oakleigh would substantially improve the housing tenure security, the social stability and cohesion, confidence, skills, collective support and responsibility and income of possibly more than 100 people whose options otherwise are grim."⁷

Williamstown

The Williamstown RHC submission, prepared by the Western Region Standing Committee on Housing said in 1981: "Public rental housing is in extremely short supply in the Western Suburbs. There are only 3,202 rental units for the entire region, with a population of 370,000 people."⁸

Of these 3,202 units, 806 were for HCV Aged Units. In Keilor only four family units existed, only twenty-nine in Werribee, thirty-eight in Footscray and none at all in Altona.⁹ The Braybrook/Maidstone branch of the HCV gave nine months as the waiting period for priority housing in a two-bedroom home, eighteen months for a three-bedroom home, and an indefinite period for a four-bedroom home.¹⁰

Rental housing co-operatives, then, have provided public housing in areas where there is generally none available, or it is limited with extraordinarily long waiting lists. Also, some co-ops house tenants who are ineligible for public rental housing, such as single people.

Other co-ops, such as Geelong RHC, are committed to housing disabled people. Brunswick/Coburg RHC is called STAYE Co-operative Housing — Spanish, Turkish, Australian, You and Everyone Else — emphasising its multi-ethnic membership and perspective.

As the co-ops grow, and the co-op movement grows, affordable, high standard public rental housing will become a reality for many people.

Although there are obvious advantages in RHCs, some workers in co-ops see the position of co-ops as being rent collectors for the MoH. By providing the annual wage for a worker at each co-op, the MoH saves enormously on management costs. As well as the workers' labours, the MoH also has the advantage of voluntary labour by tenants in areas such as property selection.

Overall, however, the advantages for RHC tenants far outweigh the lack of responsibility taken by the MoH. These advantages include community support and participation, skill-sharing, housing choice and quality housing. The housing co-operative movement as a whole, if it can work in the long term, could have a positive effect in improving the position of public rental tenants in Victoria.

Sheril Berkovitch

Footnotes

- ¹ David Scott, *Don't mourn for me — organise . . .*, Sydney, George Allen & Unwin, 1981, p.151.
- ² Jim Kemeny, *The myth of home ownership*, London, Routledge & Kegan Paul, 1981, p. 60
- ³ Conversation with Colin Jones, worker at St Kilda Rental housing Co-operative.
- ⁴ For a broader discussion of state intervention, contradictions and privatisation see, Socialist Housing Activities, *Socialism and housing action: the red paper on housing*, UK, Socialist Housing Activists Workshop, undated.
- ⁵ St Kilda Rental Housing Co-operative, *Submission to the Ministry of Housing for the establishment of a rental housing co-operative in St Kilda*, Melbourne, 1983, p.8
- ⁶ Interim Steering Committee of the Oakleigh Municipality Rental Housing Co-operative, *Submission to the Ministry of Housing's Co-operative Housing Unit*, Melbourne, 1983, p.9.
- ⁷ *Ibid.* p.11
- ⁸ The Western Region Standing Committee on Housing, *Submission to the Ministry of Housing for a rental housing association in the Western Suburbs (Williamstown)*, Melbourne, August 1981, p.7.
- ⁹ *Ibid.*
- ¹⁰ *Ibid.* p.9

Bibliography

- BALL, Michael, *Housing policy and economic power*, London, Methuen, 1983.
- CO-OPERATIVE HOUSING ADVISORY SERVICE, *What is Co-operative Housing?*, Melbourne, 1984.
- DARKE, Jane and DARKE, Roy, *Who needs housing?*, London, Macmillan Press, 1979.
- INNER URBAN REGIONAL HOUSING COUNCIL, *High cost, high rise, or homeless: housing in the Inner Urban Region*, Melbourne, Inner Urban Regional Housing Council, 1984.
- KEMENY, Jim, *The myth of home ownership: private versus public choices in housing tenure*, London, Routledge & Kegan Paul, 1981.
- MENDELSON, Ronald, *Fair go: welfare issues in Australia*, Australia, Penguin, 1982, chapter 13.
- NEUTZE, Max, *Urban development in Australia*, Sydney, George Allen & Unwin, 1977.
- PARIS, Chris, 'The myth of home ownership', in *Arena* no. 59, Melbourne, 1981, pp. 125-128.
- SCOTT, David, *Don't mourn for me — organise . . .*, Australia, George Allen & Unwin, 1981.
- SHELTER VICTORIA, *Co-operative housing kit*, Melbourne, Shelter Victoria, 1980.
- SHELTER, *Shelter National Housing Action*, no. 8, Australia, May 1980.
- SOCIALIST HOUSING ACTIVISTS, *Socialism and housing action: the red paper on housing*, UK, Socialist Housing Activists Workshop, undated.

Consumers First

We will leave to others discussion of improved democratisation of the workplace — the need, the problems, the methods. Our concern is who determines the policies, who calls the shots; in short, who *owns* the business.

Back in 1776, Adam Smith expressed it all very succinctly: "Consumption is the sole end and purpose of production; the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer."

Nor is Adam Smith the only writer to express this view; many economists have noted how counter-productive it is to create jobs merely to provide employment, that it is inflationary to pay people for work hours that — like most of the defense department and the military — produce no goods or services that people can use. Two of the co-operative movement's major philosophers add their support for this 'primacy of the consumer' tenet:

Dr James Peter Warbasse, founder and first president of The Co-operative League, said:

There is a social morality in the organisation of consumers. . . . Their interests are wide and permanent rather than circumscribed and temporary It begins not with the workshop, but with the home and the family and the places where things are consumed and enjoyed.

Dr Horace J. Kallen, author of that outstanding treatise on co-operation, "The Decline and Rise of the Consumer", wrote:

Because we are consumers by nature and producers only by necessity, personal life sustains itself by what we consume far more than by what we produce He is a person . . . in those places and to those people to whom he figures as a consumer.

In the introduction to Kallen's book, Dr S.I. Hayakawa noted "the inevitability of conflict so long as men are solely or principally organised as producers. . . . All these conflicts and reasons for conflict are inescapable in a producer-dominated world."

None of this argues that producers should not organise in their own self-interest; indeed, they must, in today's combative society, or be swept aside. Furthermore, consumer co-operatives and their leadership should work closely with various producer groups when their interests coincide. Labor unions, worker collectives, farmer co-operatives, professional associations may sponsor hous-

ing, health care, consumer goods or credit union co-operatives for their members and other consumers. All of them want to see workplace earnings improve in purchasing power, and often that means organisation as consumers is necessary. But whenever the broad consumer interest conflicts with its own narrow producer group interest, each will retire to the sidelines — or actively oppose consumer-oriented efforts. Butchers union, medical association, farm supply or marketing association, workers collective — each will oppose consumer organisation or protection efforts that conflict with its own organised self-interest. From the many examples, let me cite two: medical association opposition to health care co-operatives which has made this kind of consumer co-operative actually illegal in some states; farm purchasing co-operatives' defense of use of dangerous or untested feed additives and pesticides.

Obviously, in our society today we give much more attention to our roles as producers than to our roles as consumers. Groups such as those noted above organise to promote these narrow and divisive interests, all of which share one general purpose: to gain for the smaller group as much as possible when it sells good services to the larger. Why haven't we done a better job of organising ourselves as consumers?

For *we are all consumers* from the day we are conceived to the day we die. For forty or fifty years (about one-third or one-quarter of the time) we are also producers. We struggle to increase our holidays and our off-work hours; we save towards retirement — all so we can, for a time, be full-time consumers. In sum, we are producers only 15 to 20 full-time years out of a 70 to 80 year life span. Why, if improving our lives as consumers is to so great an extent the reason we work, do we let that broader consumer interest be threatened in so many ways?

For one thing, it's easier to organise as producers. The group is smaller, narrower, more cohesive; the self-interest is more narrowly defined. For another, there is lack of understanding of just what we mean by the word 'consumer'. There are, for example, those who argue that any co-operative organised to purchase feed or fertiliser for farmers is a kind of 'consumer' co-operative. Let's look at this for a moment. A series of questions may clarify. When General Motors buys sheet steel to press into auto bodies for sale — is it then a consumer? When a baker buys flour and shortening to bake into loaves for sale — is he a

consumer? When a drug manufacturer buys chemicals to process into over-the-counter medicines for sale — is he a consumer? When a farmer buys chemicals to add to animal feeds or control pests that attack the crops he grows to sell — is he a consumer? The motivation in each case is the same: to increase business profits, without regard for potential harm to the consumers who are, in principle, those for whom all business and industry is conducted.

Fortunately, there are many ethical businessmen who do not press for profits when they see harm to consumers or society will result. But in our competitive society, the bad tends to drive out the good, for the bad gains a competitive cost advantage — unless the broader social and consumer interest is protected either by consumer-oriented law or by consumer-directed ownership. Without such controls, the inherent conflict between producer and consumer interest is apt to result in producer domination of business and economic decisions — with all of us the losers.

This isn't to suggest that any consumer co-operative — or, for that matter, any other business or labor union or workers collective or farmer co-operative — ever measures up to its highest potential. Some of all of these, including consumer co-operatives, are miserable failures. Constant attention, in consumer co-operatives, by individual consumer-owners is always needed. But the basic point is that, in a consumer co-operative the consumer

co-operative *method* leads logically and naturally (but not inevitably) to the social *end*. There is no inherent conflict between 'ends' and 'means'. You do not build a more co-operative society by building more consumer-owned co-operatives. You cannot build that more co-operative society by increased emphasis on narrow self-interest. You do not build it, either, by increased emphasis on producer organisation.

Now any consumer co-operative may, at times, gain through association with others in its industry that are producer or profit-oriented; often, the operating methods are the same — although applied in diametrically opposed directions. (The co-op may even, at times, influence others in its industry to adopt more consumer-oriented methods!) There is, similarly, need for consumer-owned co-operatives to join together with producer-owned co-operatives in federations (like the Co-operative League) that pursue limited common ground objectives. There is also need for such consumer-owned co-operatives — housing, health care, consumer goods, credit unions — to have their own regional and national federations. Only by building these can they press forward toward their own distinct objective: a society and an economic order whose basic policies are controlled by representatives of those whose needs any society or economic order is supposed to serve — its consumers.

by Art Danforth



More on Victorian Food Co-ops

Food co-operatives have been operating in Victoria for over seventy years. Recently their number has increased considerably, with established co-operatives experiencing real sales growth and new co-operatives opening or in the establishment phase.

In 1982 the Food Co-operative Support Group was formed, establishing the first central support structure for food co-operatives in Victoria. The thirty members saw a need for both a food warehouse and educational support for food co-ops.

In February 1984 the Support Group was funded through the Victorian Ministry of Employment and Training's Co-operative Development Programme to undertake a study. *Food Co-operatives in Victoria* (July 1984) provides a profile of existing food co-ops and highlights their specific problems and needs. This preliminary study offered the base from which further work on the feasibility of a warehouse and resource centre has been undertaken.

The report found that 77% of food co-operatives covered in the study supported the establishment of a warehouse. Most of the surveyed co-ops were experiencing problems directly related to the supply of foodstuffs. There are no wholesale food warehouses which aim specifically to service the food co-operative sector, although its sales volume is estimated at in excess of \$7 million. Overseas evidence, particularly in the United States, indicates that the establishment of a warehouse is the next logical stage in facilitating the consolidation and further growth of the sector.

The business plan for a warehouse, to be submitted to funding committee in early 1985, proposes a comprehensive supply and delivery system. The plan draws on information gained through extensive consultation with Victorian food co-operatives, metropolitan and country. It is designed to meet their diverse and growing needs, and aims to establish an economically viable operation with an estimated sales volume approaching \$2 million.

Co-operatives have indicated their commitment to the warehouse venture by:

1. Writing letters of support;
2. Signing a 'statement of intent'
3. Joining Moving Food Co-operative Limited, the umbrella co-operative for unincorporated groups,
4. Participating in the Victorian Trading Co-operative Association, which will administer the warehouse and resource centre.

A specialised warehouse to service the sector will succeed if the needs of the co-operatives can be

provided at competitive prices. The business plan argues that these needs cannot be met by existing suppliers and that the existing size of the sector and potential gross margins in wholesaling make competitive pricing possible. Indeed the proposal, in itself, will help to foster the growth and employment opportunities, lower the failure rate and improve the efficiency of many of the co-operatives.

Another proposal is currently being prepared for a resource centre for food co-operatives. The resource centre will provide technical and educational support and it is envisaged that the facilities of warehouse and resource centre will together provide a sound foundation for food co-operative development. Both functions are based firmly upon the co-operative principles of 'co-operation between co-operatives' and the development of 'co-operative education'.

Description

The warehouse for food co-operatives will provide a wholesale supply service. It will aim to be a single supply source for most food co-operatives' product range.

The warehouse will predominantly provide wholefoods, but will also stock fruit and vegetables and traditional grocery lines. Grocery warehousing is a very competitive sector of the food industry. As a consequence, only 3% of the warehouse stock lines will be in groceries. Market research shows, however, current sales growth rates of 20-25 % per annum in the wholefood sector. The warehouse plans to respond to this opportunity and over 50% of its stock will be in wholefoods.

In addition to food supplies, the warehouse will offer a delivery service to Melbourne metropolitan co-operatives and will arrange deliveries to country co-operatives. It will also provide product information, price and supply information.

Operating the warehouse will essentially involve ordering, holding of stocks, receiving orders from food co-operatives and supplying or arranging delivery. The key factors for satisfactory service are:

- *competitive pricing
- *product availability
- *quality foodstuffs
- *delivery arrangements

These demands will be met by:

- *effective buying and negotiating
- *tight stock and inventory control
- *tight expense control and financial management
- *efficient distribution system
- *efficient materials handling

Objectives

- *to establish an economically viable food wholesaling warehouse;
- *to enable small and diverse food co-operatives to benefit from scale economies in purchasing;
- *to provide food co-operatives with a means to participate and control the food supply chain in so far as it affects them;
- *to facilitate co-operation between food co-operatives in conjunction with the proposed food co-operative resource centre;
- *to facilitate the growth of the food co-operative movement through the provision of food supplies to food co-ops at fair prices.

Staffing Positions

Three full-time, long-term positions will be offered by the warehouse. These people will be employees of the VCTA. Casual staff will be employed when required.

The three positions are:

1. Manager/buyer

Responsible for all aspects of the warehouse operation including buying, financial management, quality control, promotion, liaison with customers and scheduling.

2. Office/despatch supervisor

Responsible for office administration and systems documentation through processing of orders, stock control and stock taking, bookkeeping, handling enquiries and working in the warehouse when required.

3. Storeperson/driver

Responsible for order assembly, repacking of orders, scheduling, delivery and pickups, stock control, cleanliness of warehouse, equipment maintenance and communication with customers.

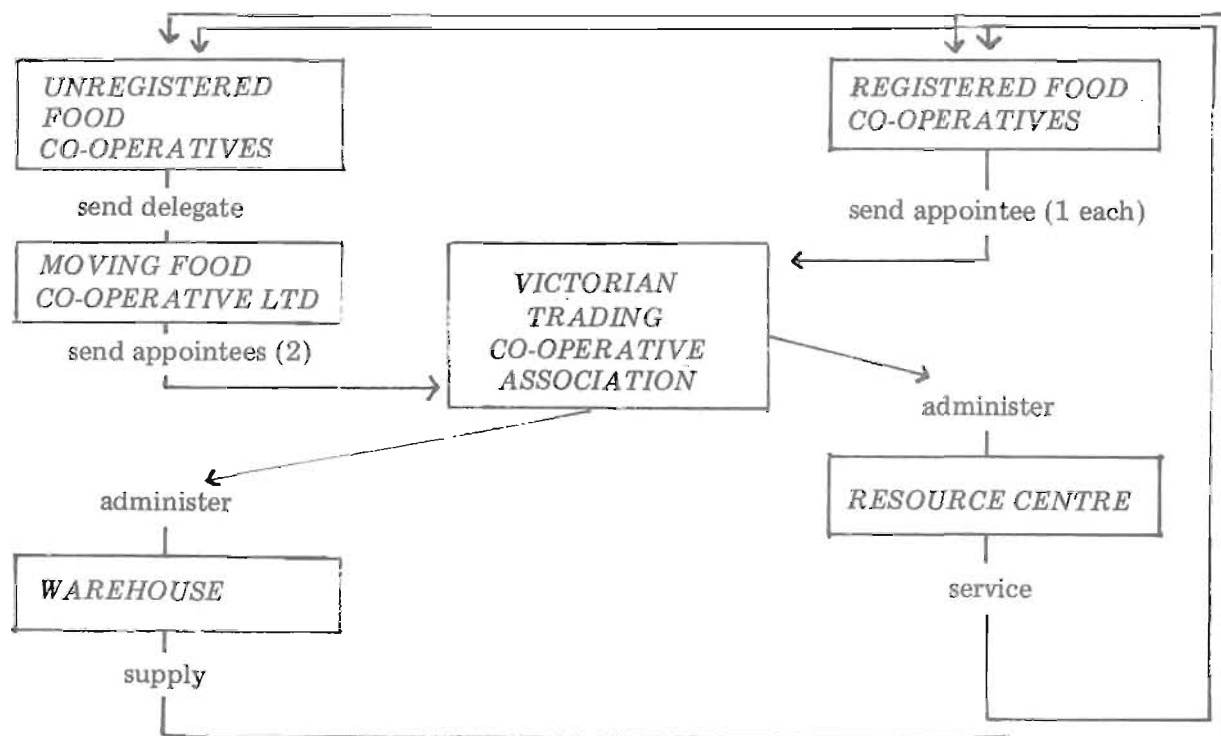
Structure

Diagram I outlines the administration of both the warehouse and resource centre by the Victorian Trading Co-operative Association. VTCA currently exists and alterations to its membership and rules are being discussed. These changes are to ensure the Association reflects the needs and interests of food co-operatives. VTCA will receive funds to administer and run the warehouse and resource centre.

The membership of VCTA will be registered food co-operatives. The unregistered groups have recently formed an umbrella co-operative called Moving Food Co-operative Limited. It will have a membership of thirty and will be the means by which unregistered groups have representation on the Association.

A committee of management will oversee the operations of resource centre and warehouse. This committee will consist of representatives from both registered and unregistered co-ops and workers from the warehouse and resource centre.

Diagram I



KEEP
AHEAD



Subscribe to

The Co-operator

VICTORIA'S JOURNAL OF CO-OPERATIVE AFFAIRS

Please send me *The Co-operator* for one year. I enclose cheque/money order for \$11.00.
Or, charge my

- ☐ Bankcard
☐ Visa
☐ Amex

No.

Name..... Signature

Address

.....Postcode.....

Make your cheque/money order payable to Gay Publications Co-op Ltd. Send to PO Box 21,
Carlton South 3053, Victoria.